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FISCAL IMPACT STATEMENT

LS 6091

BILL NUMBER: SB 111

NOTE PREPARED: Jan 29, 2008

BILL AMENDED: Jan 28, 2008

SUBJECT: Education Matters.

FIRST AUTHOR: Sen. Lubbers

FIRST SPONSOR: Rep. Porter

BILL STATUS: As Passed Senate

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) *Graduation Rate Formula* The bill specifies that students graduating as members of a cohort include students from the cohort who graduate during the expected graduation year or during a previous reporting year. The bill provides that students may count as graduating members of only one cohort. The bill corrects an incorrect cross-reference.

Senator David C. Ford Fund- The bill renames the Indiana Technology Fund to the Senator David C. Ford School and Library Technology Fund. The bill makes annual appropriations to the Fund.

Effective Date: July 1, 2008.

Explanation of State Expenditures: *Graduation Rate Formula-* The Department of Education would be able to implement the calculation changes within existing resources. The Department already receives graduation data from local school corporation annual reports.

(Revised) *Senator David C. Ford Fund-* The bill would require the following annual appropriations from the Build Indiana Fund (BIF) beginning in FY 2010 to the Senator David C. Ford Fund (currently named the Indiana Technology Fund):

- 1) \$2.3 M for schools; and
- 2) \$1.2 M for libraries.

The total appropriation would be \$3.5 M annually.

Background- Resources Available to BIF: The Build Indiana Fund (BIF) receives funds from two sources: (1) surplus Lottery revenue and (2) revenues from gaming taxes and pari-mutuel taxes. Under current statute, surplus Lottery revenue in the Lottery Commission's Administrative Trust Fund is first transferred to the Teachers' Retirement Fund (TRF) and the Pension Relief Fund (PRF). Once these transfers are made, the remaining surplus Lottery revenue is distributed to BIF.

Current statute also requires distribution of revenue from the Riverboat Wagering Tax, the Pari-mutuel Wagering Tax, the Pari-mutuel Satellite Facility Tax, the Charity Gaming Excise Tax, and the Charity Gaming License Fee to BIF. The total annual distribution to BIF from Lottery, gaming, and pari-mutuel sources is effectively capped at \$250 M. This is because the annual distribution of Riverboat Wagering Tax revenue is limited to an amount equal to \$250 M minus the sum of the surplus Lottery revenue and revenue from other gaming and pari-mutuel taxes distributed to BIF during that fiscal year. The required amount of Riverboat Wagering Tax is transferred to BIF from the Property Tax Replacement Fund (PTRF) at the end of the fiscal year.

Distributions from BIF: Under current statute, \$236.2 M annually must be transferred from BIF to the Motor Vehicle Excise Tax Replacement Account (MVETRA) within the state General Fund. Money remaining in BIF after the MVETRA transfer is available for state and local capital projects. It is estimated that \$42.4 M could potentially be available for state and local capital projects in FY 2008, assuming surplus Lottery revenue is equal to the three-year average performance from FY 2005 to FY 2007. P. L. 234-2007 (the biennial budget bill) appropriates approximately \$20.9 M from BIF during the 2007-2009 biennium for specific state and local projects. If half of this appropriation amount is allotted in FY 2008, the balance remaining would total approximately \$31.9 M. If all of this appropriation amount is allotted in FY 2008, the balance remaining would total approximately \$21.5 M. The table below contains actual BIF revenue and spending totals for FY 2005 to FY 2007, with a projection for FY 2008.

Surplus Lottery and Gaming Revenue & Distributions (Millions)*				
Revenues & Distributions	FY 2005 (Actual)	FY 2006 (Actual)	FY 2007 (Actual)	FY 2008 (Projected)
Beginning Balance in BIF**	6.3	10.5	19.6	28.6
Surplus Lottery Revenue in Adm. Trust Fund	189.7	209.9	210.9	203.5
TRF Transfer	(30.0)	(30.0)	(30.0)	(30.0)
PRF Transfer	(30.0)	(30.0)	(30.0)	(30.0)
Surplus Lottery Revenue to BIF	129.7	149.9	150.9	143.5
Surplus Gaming Revenue to BIF	120.2	100.1	99.1	106.5
Interest	0.0	0.0	0.0	0.0
Transfers to BIF^	0.2	0.0	0.0	0.0
Total Resources in BIF^^	256.5	260.5	269.6	278.6
MVETRA Transfer	(236.2)	(236.2)	(236.2)	(236.2)
Total Transfers	(236.2)	(236.2)	(236.2)	(236.2)
Amount Available for State & Local Capital Projects	20.3	24.3	33.4	42.4
Amount Allotted to State & Local Capital Projects*^	9.8	4.8	4.8	
*Updated 10/3/07. FY 2008 projected lottery surplus is based on the three-year average from FY 2005 to FY 2007. **FY 2006 amounts available and allotted for capital projects do not sum to the FY 2007 beginning balance due to rounding. ^FY 2005 amount from loan repayments. ^^FY 2005 individual resources amount does not sum to the total resources amount due to rounding. *^Actual totals for FY 2005-FY 2007.				

Indiana Technology Fund- The most recent available balance of the Technology Fund dates from the end of FY 2006. At that time, the Fund had a cash balance of \$301,654, which was then subsequently reverted in its entirety to the BIF at the close of FY 2006.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Education; State Budget Agency.

Local Agencies Affected:

Information Sources: Randhir Jha, State Budget Agency, (317) 232-2971; Auditor of State Revenue Trial Balance; State Budget Agency, FY 2006 closeout documents.

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